

# **EXHIBIT 16**

1 DOUG STANEART  
2 UNITED STATES DISTRICT COURT  
3 NORTHERN DISTRICT OF TEXAS  
4 DALLAS DIVISION  
5 THE LEADER'S INSTITUTE, LLC )  
and DOUG STANEART, )  
Plaintiffs and )  
Counter-Defendants, )  
VS. ) Case No. 3:14-cv-03572-B  
ROBERT JACKSON and MAGNOVO )  
TRAINING GROUP, LLC, )  
Defendants and )  
Counter-Plaintiffs. )

14 ORAL AND VIDEOTAPED DEPOSITION OF  
15 THE LEADER'S INSTITUTE  
16 BY AND THROUGH ITS DESIGNATED REPRESENTATIVE  
17 DOUG STANEART  
18 JULY 7, 2016  
19 VOLUME 1  
20 CONTAINS ATTORNEYS' EYES ONLY PORTIONS  
21 (PAGES 24-29 & 93-124)

25                   JOB NO. 109903

1 DOUG STANEART  
2 ORAL AND VIDEOTAPED DEPOSITION of THE LEADER'S  
3 INSTITUTE, by and through its designated representative  
4 DOUG STANEART, a witness produced at the instance of the  
5 Defendants and Counter-Plaintiffs, taken in the  
6 above-styled and numbered cause on the 7th day of July,  
7 2016, from 9:22 a.m. to 4:43 p.m., before Stacy L.  
8 Jordan, a CSR in and for the State of Texas, Registered  
9 Professional Reporter and Certified Realtime Reporter,  
10 taken in the offices of Klemchuk, LLP, 8150 North  
11 Central Expressway, 10th Floor, Dallas, Texas 75206, in  
12 accordance with the Federal Rules of Civil  
13 Procedure.

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1 DOUG STANEART

2 three, four, five, six, seven, eight, nine -- 10 things

3 to do with your graduates after they finish that will

4 help you collect -- get more repeat business from them

5 on the coach -- doing coaching sessions with them and

6 showing them how to go and meet with them one-on-one.

7 It shows -- tells them how to do a coaching session with

8 them and gives six, seven, eight different steps there.

9 There's a whole section here on how to

10 prospect for new classes, so how to get a corporate

11 class from -- from an individual that's attending one of

12 your classes. There's one, two, three, four, five, six,

13 seven, eight, nine, 10, 11, 12, 13, 14, 15, 16, 17 -- 17

14 things that you can do with each individual person

15 that's in a class to -- to do it. That's just for

16 Fearless Presentations.

17 There's also a whole section in here on

18 looking for a niche group, so basically, how to -- how

19 to take the people that are in your group, find

20 something that's a niche and then become the expert in

21 that. It tells how to do face-to-face meetings with --

22 with clients, and there's one, two, three, four, five,

23 six, seven, eight, nine, 10 -- 10 different things that

24 you can do in a face-to-face meeting to help get repeat

25 business.

1 DOUG STANEART

2 Q. Okay.

3 A. So...

4 Q. You've explained --

5 A. And then there's the team-building side, as  
6 well.

7 Q. Sure. And -- and you've explained what the  
8 step-by-step -- and I guess I'll read about it in the --  
9 when I have a chance to look at the corporate handbook.

10 Well, what evidence do you have -- I know  
11 you have a belief or a suspicion that they're using it.  
12 What evidence do you have that they are using it?

13 A. Well, up until the -- the -- the -- up until  
14 the last few minutes, I haven't been able to look at any  
15 documents that -- that they've sent to us, so I can't  
16 answer that question. I have a -- I have a strong  
17 belief based on circumstantial evidence. I don't know  
18 what evidence has been collected at this point.

19 Q. Okay. Well, you filed the lawsuit on -- in  
20 state court -- I believe it was in September of 2013.  
21 Does that sound right -- about right?

22 A. Right.

23 Q. Cynthia Cook was your attorney at the time?

24 A. Correct.

25 Q. Lead counsel. I think she's on the pleadings

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2 in this case, as well.

3 And in that lawsuit, you alleged theft of  
4 the TLI corporate handbook. Do you recall that?

5           A.     That I alleged what of the TLI corporate  
6 handbook?

7 Q. That --

8                   A. I didn't hear the --

9 Q. That my clients --

10 A. -- the whole question.

11 Q. -- had stolen or -- or had misappropriated  
12 your corporate handbook. Correct?

13 A. Correct, yes.

14 Q. And at that time, they were not a  
15 million-dollar company, were they? They'd just started.

16 A. No, they were not.

17 Q. Okay. So what circumstantial evidence did you  
18 have at that time that somehow they were using your  
19 corporate handbook?

20 A. They --

21 MR. SORDEN: Before you answer the  
22 question, I want to make sure there's no waiver.

23 I don't want you to disclose any  
24 attorney-client communications or work product --

25 MR. MARCONI: That's fine.

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2 MR. SORDEN: -- between you and Ms. Cook  
3 or any of the associates of -- of --

4 MR. MARCONI: That's --

5 MR. SORDEN: -- Ms. Cook at the time.

6 MR. MARCONI: That's fine.

7 MR. SORDEN: You're free to answer  
8 otherwise regarding the facts and circumstances --

9 THE WITNESS: I don't think I have to --

10 MR. SORDEN: -- around your allegations.

11 A. The -- Colette Johnston was sent the TLI  
12 corporate handbook about three or four months prior to  
13 her resigning, and she never returned it. We asked her  
14 to return it, and she didn't. She refused. In fact,  
15 she -- she request- -- she requested that we -- that we  
16 do all communications with her attorney. And we  
17 requested of her -- her attorney, and the attorney  
18 refused to return the -- the TLI corporate handbook, and  
19 so we filed the lawsuit for that, so...

20 Q. (BY MR. MARCONI) Well, it's funny -- and  
21 maybe you can -- you can help me out with this, but  
22 I've -- I've looked for -- for something as -- as --  
23 that you consider to be as critical a trade secret as  
24 the corporate handbook, I would have thought that I  
25 would have seen e-mails to her or letters to her counsel

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2 A. -- ever said -- ever --

3 Q. That you guys are --

4 A. -- sent us --

5 Q. -- the problem.

6 A. Yeah, actually, the -- at one time, the  
7 Build-A-Bear company, the -- the -- the folks who make  
8 the bears at the -- at the mall, they sent a -- they  
9 sent a cease-and-desist letter to us. And I responded  
10 with my federal trademark registration, and -- and they  
11 never pursued, so...

12 Q. And they were complaining about Build-A-Bear  
13 or Build- --

14 A. Build-A-Bike.

15 Q. -- A-Bike? Build- --

16 A. Yeah, they said that Build- -- they said that  
17 Build-A-Bike was their trade address -- or the -- the  
18 "A," dash, with the dashes, was their trade address,  
19 so -- but once I sent them our registration, I never  
20 heard from them again. As far as I know, that's the  
21 only company that's ever said that they were the owners  
22 of "Build-A-Bike."

23 Q. All right. Number 21, it asks for all actions  
24 taken by plaintiffs or anyone acting on your behalf to  
25 stop/attempt to stop any and all third parties from

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2 using the phrase "Build-A-Bike" and/or "BUILD-A-BIKE" at  
3 any time in which TLI has been an active operation.

4 Well, we have this lawsuit, so that's one  
5 action taken by plaintiffs. Any other actions taken by  
6 plaintiffs other than cease-and-desist letters, to which  
7 you've already testified?

8           A.     Yeah, the -- the only thing that -- the only  
9 instance that somebody has refused to comply with the  
10 cease-and-desist was a company called TeamBonding.

11 Q. Okay.

12           A.     And that's a -- that suit is -- that suit --  
13        I'm --

14 MR. SORDEN: I'm going to caution you not  
15 to -- to disclose any attorney-client or work-product  
16 privilege. But to the extent you can testify to facts  
17 surrounding that lawsuit, you're free to say the same.

18 THE WITNESS: Can we go off record for a  
19 just second?

20 MR. MARCONI: Sure.

21 THE WITNESS: Okay.

22 THE VIDEOGRAPHER: Going off record at  
23 2:34 p.m.

24 (Recess taken from 2:34 to 2:35 p.m.)

25 THE VIDEOGRAPHER: We're back on record

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2 at 2:35 p.m.

3 MR. SORDEN: Counsel, my client sought  
4 a -- a ruling on whether -- whether he wanted to say  
5 attorney-client privilege or work-product privilege. I  
6 instructed him what his answer would be -- what -- you  
7 know, what would be privileged and what would not be  
8 privileged, and at this point in time, you can reask the  
9 question and he can answer it.

10 MR. MARCONI: Well, the -- I can't  
11 remember what the last question was, but let me see if I  
12 can --

13 A. I can give you the answer.

14 MR. SORDEN: I believe it was the --

15 Q. (BY MR. MARCONI) Sure.

16 MR. SORDEN: -- outcome of the

## 17 TeamBonding --

18 Q. (BY MR. MARCONI) I guess the status of the  
19 TeamBonding lawsuit --

20 A. Yeah, it's my understanding that there has --  
21 that we've come to a settlement in that case.

Q. Has the settlement been reduced to writing?

A It's in -- it's in the process of --

24 MR. SORDEN: No waiver?

25 MR. MARCONTI: No waiver

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2 MR. SORDEN: You can answer the question.

3 A. It's -- it's in the process of -- at this  
4 point, yes.

5 MR. SORDEN: And, Counsel, I'll just let  
6 you know, once that is reduced to writing and finalized,  
7 I'll produce it in this case.

8 MR. MARCONI: Okay.

9 A. Both -- both parties have agreed to the  
10 settlement.

11 Q. (BY MR. MARCONI) All right. So really, what  
12 you're doing right now is just papering the settlement?

13 A. Correct.

14 Q. But there's no real dispute about what the  
15 terms of the settlement are?

16 A. No.

17 MR. SORDEN: No waiver.

18 Q. (BY MR. MARCONI) Do you know what the terms  
19 of the settlement are?

20 MR. SORDEN: I'm -- Counsel, I'm a little  
21 bit worried about whether it's confidential. Our law  
22 firm is not handling the lawsuit, so I don't know what  
23 is and what isn't confidential at this point in time  
24 regarding those two parties; however, I will -- I will  
25 let him answer this question for you --

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2 MR. MARCONI: Let -- let me ask you --  
3 let me ask you this: When do you anticipate that the  
4 settlement is going to be finalized? I know your firm  
5 is not handling it, but --

6 MR. SORDEN: My understanding is within  
7 the next week or two. However, I could work with the  
8 clients to speed that process up if -- if the status  
9 is -- it seems like to me to be papered up can be  
10 pretty -- pretty quickly.

11 MR. MARCONI: All right. And I --

12 MR. SORDEN: Secondly, I'll also confirm  
13 whether, in fact, it is confidential. At this point in  
14 time, it may not be, but I haven't seen it. Just out of  
15 an abundance of caution, I want to make -- make a record  
16 of it.

17 Q. (BY MR. MARCONI) I'm trying to streamline  
18 this a bit. Look at Number 41, if you would, sir, Topic  
19 Number 41. And you might as well look at 42 at the --  
20 at the same time.

21 MR. SORDEN: And, Counsel, I believe he  
22 has in the stack of his documents some -- a document or  
23 two that's responsive to 41 and 42.

24 MR. MARCONI: Okay.

25 Q. (BY MR. MARCONI) Can you show me those

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2 THE WITNESS: Right. I'm --

3 A. You know, pre- -- in preparing for -- for  
4 testimony today, I would have acc- -- probably accessed  
5 it very recently.

6 Q. (BY MR. MARCONI) Okay. Number 16 is: The  
7 factual bases for plaintiffs' claim that Jackson and/or  
8 Magnovo allegedly infringed upon plaintiffs' trademarks  
9 for BUILD-A-BIKE, Build-A-Bike and/or other  
10 substantially similar phrases.

11 When did you send a cease-and-desist  
12 letter -- remind me again. What was the date that a  
13 cease-and-desist letter was sent on behalf of TLI?

14 A. I believe that was mid-2014 sometime.

15 Q. And who sent that? Do you recall what law  
16 firm sent that?

17 A. I believe that was Kristin Harkins.

18 Q. At Conley Rose?

19 A. Conley Rose, yes.

20 Q. Okay. And I can't recall. I should know  
21 this, since I was counsel of record in the -- in the  
22 Texas lawsuit that Cynthia Cook filed. Was -- was  
23 trademark -- trademark infringement was not part of that  
24 lawsuit?

25 A. It was not because --

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2 Q. Okay.

3 A. -- at the time that -- sorry.

4 Q. I -- I just want to make sure.

5 A. Yeah, it -- yeah, at the time that we filed  
6 the lawsuit, I don't believe there were any trademark  
7 infringements.

8 Q. Okay. So when is it that -- when is it that  
9 you determined or someone determined for you that  
10 Jackson and Magnovo were allegedly infringing your  
11 trademarks?

12 MR. SORDEN: No waiver.

13 You may answer this question. I just  
14 don't want you to disclose any kind of attorney-client  
15 communications.

16 THE WITNESS: I'm not.

17 A. I first came across the -- the term "build a  
18 bike" in a -- in kind of a descriptive way on his Web  
19 site fairly early on. I would say late 2013.

20 Q. (BY MR. MARCONI) Okay.

21 A. The -- the -- when -- the big one, though, was  
22 the Web site "Let's Build a Bike" that popped up. He  
23 purchased a Web site in -- we now know that it was in  
24 late 2013. And he populated that with over 200  
25 instances of the "build a bike" trade name -- or name on

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2 that in different places. It's a small Web site, so it  
3 was -- I mean, it was highly populated with the words.

18                                 Eventually, we found -- what -- when it --  
19                                 sorry.

20 Q. (BY MR. MARCONI) Let me stop you there, just  
21 to make sure that I've got your sequence of events  
22 correct. Did -- because there was an amended petition  
23 that was filed in the state district court case. And  
24 again, my memory is fuzzy on that case because not --  
25 not a whole lot happened in it.

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5 A. We did, yes, in the amend- --

6 Q. Okay.

7                   A.       Yes.

8 Q. I just didn't recall.

9           A.     Yeah.   In -- in March, though, that's when  
10       things really came to -- that's also when I reported  
11       them -- reported Magnovo and Rob to the FBI, was --  
12       in -- in March, all of a sudden, I got a notification  
13       from Google that my Web site, The Leader's Institute,  
14       had been banned from Google.   It was what's called a  
15       "manual penalty," which is -- it's like the death  
16       penalty for a Web site.   It's one of those things that  
17       is very, very challenging.   And -- and I had no idea  
18       why.   So --

19 Q. And this -- this was March of 2014, to be  
20 clear?

21 A. March of 2014, yes.

22 Q. Okay.

23           A.     Did I say something -- did I say that  
24     differently? So --

25 O. No. Let me ask you this. I think you

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2 testified -- and I want to make sure I've got my  
3 sequence of events. I do recall seeing a -- a  
4 cease-and-desist letter in -- I want to say it was from  
5 Conley Rose in September or so of 2014. But you believe  
6 that there was an earlier one sent than that, or was  
7 that the -- or are we talking about the same letter?

8           A.     No, we just -- we -- we didn't send a  
9 cease-and-desist letter. We -- we actually just added  
10 it to the amended complaint because at the time that we  
11 filed the original complaint, we weren't aware of any  
12 trademark infringements, and --

13 O. Okay.

14           A. -- there may not have been any. But by the  
15 time we filed the second complaint, there were -- I'm  
16 talking thousands of --

17 O. Okay.

18 A. -- different trademark infringements.

19 Q. So then you -- you dismissed -- you nonsuited  
20 the petition in the Texas case in -- was it March  
21 of 2014? Do you recall what date it was?

22               A.     I -- I wouldn't argue with that.   I -- I think  
23     that sounds reasonable --

24 O. Okay.

25 A. -- anyway.

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Q. And -- and I believe I've seen some testimony from you in another -- maybe in a related matter -- that you did that ostensibly because the FBI told you that they could not continue their investigation of Jackson or Magnovo as long as there was a civil lawsuit --

A. It was -- it was secondhand. The FBI agent that was -- that had taken the information from me, she said that -- that's what she told me. So --

Q. Okay.

A. -- we -- we -- I -- once the trademark stuff kind of came in, I kind -- the -- the district court didn't seem like the proper place, anyway. So it was reasonable to dismiss in district and go to -- to federal court, anyway. And it also gave the FBI a chance to investigate.

Q. Okay. We're -- we're going to skip the FBI for -- for today, I think.

MR. MARCONI: Aren't we?

MR. VAUGHT: Yeah.

Q. (BY MR. MARCONI) But -- all right. So we roll along to -- and I think in September a cease-and-desist letter was sent to -- by Conley Rose. I think you mentioned the lawyer's name. Does -- after that letter, did they take down -- did they cease to

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2 folks other than somebody at Magnovo wouldn't have, like  
3 Magnovo pictures and stuff like that, that they wouldn't  
4 have, so -- unless somebody is --

5 Q. And have you produced documents that show all  
6 of that?

7 A. I did. That's what we ref- -- that's what I  
8 referenced a few minutes ago that Mr. Vaught said he  
9 wanted to --

10 MR. VAUGHT: He'll give us the Bates  
11 labels.

12 A. The --

13 MR. MARCONI: Okay.

14 MR. SORDEN: Yeah, it's a big range.

15 MR. MARCONI: I think I -- was this what  
16 was produced yesterday or --

17 MR. SORDEN: And to the DOJ about three  
18 weeks ago.

19 MR. MARCONI: Okay.

20 Q. (BY MR. MARCONI) Okay. We've talked about  
21 this -- and I'm not going to go into it -- this Lisa  
22 Smith persona that you created. Have you ever done  
23 that? Have you created any other fake persons?

24 A. No.

25 Q. That's the only one you've ever created? Yes

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2       or no?

3           A. I -- I -- I -- I don't create -- I don't  
4       create fake persons, no.

5           Q. Well, I mean, Lisa Smith was a fictitious  
6       person, wasn't she?

7           A. Correct, yes.

8           Q. Okay. Look at Number 48, if you would. I  
9       guess the question is -- is: What mirror -- mirroring,  
10      framing, masking and forwarding with masking of  
11      Magnovo's or Jackson's Web sites by TLI -- I mean, did  
12      TLI or Staneart do?

13          A. I -- I don't really recall the details, but  
14       it -- there -- there were some Web sites that I bought  
15       that I forwarded over to one of Rob Jackson's Magnovo  
16       Web sites.

17          Q. Okay. Let me make sure I understand it.  
18       These are Web sites that you purchased --

19          A. Correct.

20          Q. -- that -- what do these Web sites say? I  
21       mean, what --

22          A. Nothing. They said nothing. They were  
23       just --

24          Q. And you forwarded them over to Rob Jackson's  
25       Web sites?

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2 A. Yeah. I think it was the bicycle  
3 team-building events, if I recall, Web site.

4 Q. Why would you do that?

5 A. I don't remember. I don't recall. I was  
6 upset at --

7 Q. But what was --

8 A. -- Jackson, so...

9 Q. -- the -- I mean, what was the -- what -- what  
10 would it achieve, in your mind? I understand you were  
11 upset, but what would --

12 A. I -- I don't think it achieves anything.  
13 There's really -- I don't know if there's -- I don't  
14 think there's any achievement for it. I don't -- I  
15 don't think there's any reason to do it or not do it,  
16 so...

17 Q. Well, regardless of whether there's a reason,  
18 I'm not saying -- asking you whether you think it was a  
19 good idea or a bad idea or put you on a guilt trip. I'm  
20 just trying to figure out -- at some point in time, you  
21 obviously made a conscious decision to do that. You'd  
22 agree --

23 A. Yes, sir.

24 Q. -- with that, wouldn't you, sir?

25 A. Yes, sir.

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2 Q. And obviously, you felt that by doing that you  
3 would either harass or harm Jackson or Magnovo, for  
4 whatever reason. How would they be harmed or harassed  
5 by -- by that?

6 MR. SORDEN: Objection, calls for a legal  
7 conclusion.

8 A. I don't --

9 MR. SORDEN: You can answer the question.

10 A. I don't know how they would be harmed by that.

11 Q. (BY MR. MARCONI) Okay. And presumably, you  
12 stopped doing that?

13 A. I did.

14 Q. Okay. Incidentally, you also filed for a  
15 trademark application, didn't you, on behalf of yourself  
16 for the "Magnovo" name?

17 A. I did.

18 Q. And why did you do that?

19 A. Well, because at the time that I did that, I  
20 had just been through days and days of depositions with  
21 Rob Jackson and -- and Colette Johnston, and Rob  
22 basically perjured himself under oath. He basically  
23 said that he wasn't doing any business with -- with  
24 Magnovo; he had done nothing with Magnovo during the  
25 entire time that he was working for The Leader's

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2 I further certify that I am neither attorney  
3 or counsel for, nor related to or employed by any of the  
4 parties to the action in which this deposition is taken,  
5 and further that I am not a relative or employee of any  
6 attorney or counsel employed of any attorney or counsel  
7 employed by the parties hereto, or financially  
8 interested in the action.

9 CERTIFIED TO BY ME on this the 13th day of  
10 July, A.D., 2016.

11

---

12 Stacy L. Jordan, CSR, RPR, CRR, CLR

13 Texas CSR 7499

14 Expiration date: 12/31/2016

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